

# GOVAN MBEKI

*LOCAL MUNICIPALITY*

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# 2004/2005

*ANNUAL FINANCIAL STATEMENTS*

# FINANCIAL STATEMENTS

## 2004/2005

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## **GENERAL INFORMATION – 2004/2005**

### **MEMBERS OF THE COMMITTEE OF THE MAYOR**

Executive Mayor	M. Tsheke	Councilors:	S. Vilakazi T I. Phungwayo O. Mtsweni A. Madonsela BD. Mahlangu T. Fakude
		Speaker (Ex officio)	P. Simelane

### **GRADING OF LOCAL AUTHORITY**

Grade 5

### **AUDITORS**

The Auditor-General – External  
KPMG – Internal

### **PRIMARY BANKER**

ABSA Limited  
SECUNDA

### **REGISTERED OFFICE**

Central Business Area Lurgi Square SECUNDA	P. Bag X 1017 SECUNDA 2302	Telephone: (017) 620 6000 Facsimile: (017) 634 8019	E-Mail: gbrecords@govanmbeki.gov.za
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### **MUNICIPAL MANAGER**

VACANT

### **CHIEF FINANCIAL OFFICER**

VACANT

# MEMBERS OF GOVAN MBEKI LOCAL MUNICIPALITY

WARD COUNCILLORS		
1	S. Mtsweni	ANC
2	M. Mabhena	ANC
3	T. Mtsweni	ANC
4	M. Mahlangu	ANC
5	T.S Mofokeng	ANC
6	F. Nkambule	ANC
7	C. Gwiji	ANC
8	T. Buthelezi	ANC
9	E. Thugwana	ANC
10	E. Makhado	ANC
11	B Masite	ANC
12	M. Sibeko	ANC
13	F Slere	ANC
14	B. Zulu	ANC
15	P. Mkoko	ANC
16	S. Vilakazi	ANC
17	F. Sikota	ANC
18	J. Harris	DA
19	M. Manzini	ANC
20	G. Nzama	ANC
21	H.J Badenhorst	DA
22	J.P Simelane	ANC
23	E. Vilakazi	ANC
24	D. Ndlovu	ANC
25	R. Pretorius	ID
26	A. Gwebu	ANC
27	E. Madonsela	ANC
28	J. Coertzen	FF
29	M. Zuma	ANC
30	P. Labuschagne	DA
31	J. Nhlapo	ANC

PROPORTIONAL COUNCILLORS		
1	J. Jiyane	ANC
2	F. Maboa	ANC
3	E. Malaza	ANC
4	Z. Mkhwanazi	ANC
5	M. Morajane	ANC
6	V.M Mtshali	ANC
7	H. Nicholas	ANC
8	S. Nkosi	ANC
9	T. Mkoko	ANC
10	S. Simelane	ANC
11	E. Kubheka	DA
12	P Lubbe	IMVO
13	P Shabangu	ANC
14	T.T Mnisi	DA
15	T Mlotshwa	DA
16	C. Breedt	FF
17	Z. Hlatshwayo	PAC
18	J.P Mark	ACDP
19	P.P Mahlangu	HRCP
20	M. van Wyk	ID
21	D. van Tonder	DA
22	P.K Shabangu	ANC
23	Van Zyl	ANC
24	S. Molepo	ANC
25		
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## APPROVAL OF FINANCIAL STATEMENTS:

The financial statements as set out in pages 2 to 30 were approved by the Acting Municipal Manager on 30 September 2005 and will be presented to the Council during October 2005.

**MUNICIPAL MANAGER**  
**ACCOUNTING OFFICER**

## FOREWORD

During the 2004/2005 financial year the municipality was under severe pressure to ensure compliance to various changes in legislation. The municipality was however able to meet the challenges set by a changing legislative environment.

The municipality had to face challenges on the administrative side, as well, as the Municipal Manager and the Chief Financial Officer left the service of the municipality. This placed an additional burden on management as the filling of the vacancies will only be done during the first half of 2006.

The municipality has also as part of improving service delivery to the community implemented proper communication channels through the ward committee systems, as well as creating helpdesks at all the offices in the municipal area. This will be further enhanced during the 2006 financial year.

Although capital projects were limited to those financed from external grant funding the municipality has successfully finalized the projects identified in the Integrated Development plan. The municipality will in the 2006 financial year again embark upon projects identified in the IDP.

Service delivery and the payment for services still remain a serious concern to all in local government. All role-players must ensure that they work together to overcome the legacy of the past and ensure that we uplift the living conditions of those that were forgotten previously.

I hereby wish to thank the commissioners and executive staff for their commitment during the year, in ensuring that we met the targets set in the Integrated Development Plan and the 2004/2005 budget.

I thank you.

**CLR M. TSHEKE**  
**EXECUTIVE MAYOR**  
30 September 2005

## AUDIT REPORT

The 2002/2003 and 2003/2004 reports were not available when the financial statements were approved.

# **REPORT BY THE CHIEF FINANCIAL OFFICER**

## **FINANCIAL YEAR: 1 JULY 2004 - 30 JUNE 2005**

### **INTRODUCTION**

The municipality experienced a very difficult financial year as the cash resources of the municipality came under severe pressure. The municipality had to utilize investments to finance operating expenditure. This will have a negative impact on future years' capital expenditure programs.

Internal advances from the Consolidated Development Fund were written to loans redeemed and other capital receipts (accumulated depreciation), reducing the net value of assets by ±R 60 million. For further details see note 5 and appendix C.

The municipality also operated during most of the year without the services of a Municipal Manager and Chief Financial Officer. These vacancies will be filled during the first half of 2006. The financial results were the effort of management who in consultation with the politicians embarked upon a process to reduce expenditure without effecting effect service delivery.

With the implementation of Generally Accepted Municipal Accounting Principles the balance sheet will be easier to compare to that of the private sector. Some work on this is included in the 2004/2005 annual financial statements.

Notes were brought in on the different statements where disclosures were changed during the comparative years as well as where corrective entries were affected to implement GRAP/GAMAP. It must further be noted that the comparative figures for 2003/2004 could not be verified, and therefore disclosure between the Annual Financial Statements 2003/2004, as submitted to the Auditor General, were corrected as the financial statements did not balance to the trail balance.

Further details to the results of the financial year are attached to the report of the Chief Financial Officer and the notes to the financial statements.

### **1. OPERATING RESULTS**

During the year of overview corrections were made on income and expenditure, with special reference to transactions that was allocated to suspense votes, and therefore disclosed under creditors and or debtors in prior years. These transactions were now corrected and the income and expenditure disclosed as prior year adjustments in the accumulated surplus.

Funds not required in terms of GRAP/GAMAP were also written back to the appropriation account and shown as prior year adjustments.

Details of the operating results per department, classification and object of expenditure are included in **Appendix D and E**.

The overall operating results for the year ended 30 June 2003 are as follows:

<b>INCOME</b>	<b>ACTUAL 2004 R</b>	<b>ACTUAL 2005 R</b>	<b>BUDGET 2005 R</b>
Opening surplus/(deficit)	36 799 619	61 566 293	
Operating income for the year	392 921 265	414 596 586	411 721 763
Appropriations		18 448 498	
Closing deficit			
	429 720 884	494 611 377	411 721 763
<b>EXPENDITURE</b>			
Operating expenditure for the year	367 449 120	400 304 281	411 649 556
Sundry transfers	705 471		
Closing surplus / (deficit)	61 566 293	94 307 096	72 207
	429 720 884	494 611 377	411 721 763

### 1.1 Rates and General Services

Rates and general services are all types of services rendered by the municipality excluding electricity and water. The main income sources are rates, sewerage - and refuse charges.

<b>DESCRIPTION</b>	<b>ACTUAL 2004 R</b>	<b>ACTUAL 2005 R</b>	<b>VARIANCE 2004/2005 %</b>	<b>BUDGET 2005 R</b>
Income	202 252 383	230 455 852	13.94 %	203 216 884
Expenditure	181 491 787	225 233 033	24.10 %	201 586 946
Surplus (deficit)	20 760 596	5 222 819	- 74.84 %	(21 074 375)
Surplus (deficit) as % of total income	10.26 %	2.26 %	- 77.97 %	-77.97

### 1.2 Trading Services

The price for the purchase of electricity and water are subject to administered adjustments. Electricity is bought in bulk from ESKOM and then distributed to the consumers, water is bought in bulk from RAND WATER. The cost of bulk purchases to the municipality was R 108 950 538. (112 086 925 - 2004).

The REDS will be introduced to South Africa in 2006, where electricity will be distributed by a regional supplier, this will impact on the balance sheet of the municipality.

The following is a summary of the operating results of the municipality's trading services:

***Trading Services***

DESCRIPTION	ACTUAL 2004 R	ACTUAL 2005 R	VARIANCE 2004/2005 %	BUDGET 2005 R
Income	190 668 882	183 569 193	-3.72 %	191 165 000
Expenditure	185 957 333	170 782 992	- 8.16 %	169 993 965
Surplus (deficit)	4 711 549	12 786 201	171.38 %	21 171 035
Surplus (deficit) as % of total income	2.47 %	6.97 %		11.07 %

**2. CAPITAL EXPENDITURE AND FINANCING**

The expenditure on fixed assets incurred during the year amounted to R 53 552 166. Corrections were made in terms of advances from and to the Township Development account.

	ACTUAL 2004 R	BUDGET 2005 R	ACTUAL 2005 R
Community Services	389 018	977393	19 332 214
Subsidised Services	17 670	318 415	1 164 000
Economic Services	10 392 408	999150	12 692 447
Housing Services	1 478 958	0	2 800 706
Trading Services	5 193 949	42 589 860	17562 799
Township Development	280 507	0	0
	<b>17 752 510</b>	<b>44 884 818</b>	<b>53 552 166</b>

Capital expenditure is in 95 % of the cases financed from external grants as the municipality does not have the financial resources to finance capital from external loans and or income.

An audit of all assets was not done on year end and as a result the asset register will be out of date. All assets must be verified; useful life identified and accumulated depreciation determined.

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is included in **Appendix C**. More details regarding external loans and internal advances used to finance fixed assets are shown in **Appendix B**.



### 3. **LOANS, INVESTMENTS AND CASH**

External loans outstanding on 30 June 2005 amounted to R 77 766 414 (R 80 541 543 in 2004) as set out in Appendix B. Loans redeemed and other capital receipts were R 554 292 078, (R 445 971 467 in 2004).

Internal loans to the amount of R 11 816 215 were written off through the appropriation account, so as to align outstanding loans with the requirements of GRAP/GAMAP. The unbundling of loans redeemed and other capital receipts must be done so as to ensure that the amount disclosed as accumulated depreciation during 2005/2006 is accurate.

The Council operated one main bank account and various investment accounts during the financial year. Investments were ceded as surety for external loans, this amounted to R 67 770 247 in 2005.

Investments and cash on 30 June 2005 amounted to R 72 934 832 in 2005 (R 72 663 799 in 2004). The investments as disclosed on the 2004 financial statements were found to be inaccurate with external confirmations. During the year end 2004/2005 various confirmations of balances for 30/6/2005 could not be obtained from external investors.

More information regarding loans and investments are disclosed in the notes (4 and 7) and **Appendix B** to the financial statements.

### 4. **FUNDS AND RESERVES**

Although funds and reserves show a balance of R 15 114 875, not all these funds can be utilised. The Council does not have the financial backing (cash in the bank) to cover the funds.

The provision for bad debts was increased by writing off funds, reserves and provisions that are outdated and or not utilised, this had a substantial influence on the bad debt provision.

Funds that were not written off are:

Township development fund.  
Conditional Grants i.r.o DORA.  
Leave Reserve.  
Bad debt provision.

More information regarding funds and reserves are disclosed in the notes (1 to 3) and **Appendix A** to the financial statements.

### 5. **POST BALANCE SHEET EVENTS**

A Capitalisation Reserve was created to ensure that the net value of assets is equal to the remaining useful life of the different assets.

On the balance sheet the value of net assets is R 30 517 640 less than outstanding external loans, this was corrected when the Capitalisation Reserve was created.

Various other entries were also done so as to ensure the full implementation of GRAP/GAMAP.

**6. GENERAL ACCEPTED MUNICIPAL ACCOUNTING PRACTISE**

Some preliminary work was carried out so as to enable the municipality to be GAMAP compliant with the compilation of the 2005/2006 Annual Financial Statements as well as the 2006/2007 Annual Budget.

**EXPRESSION OF APPRECIATION**

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support they have given during the financial year. A special word of thanks to all the staff in Finance for without their assistance these financial statements would not have been possible.

**CHIEF FINANCIAL OFFICER**

**30 September 2005**

## ACCOUNTING POLICY

### 1. BASIS OF PRESENTATION

- 1.1 These financial statements have been compiled to comply with the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice (1992) and the Report on the Standardization of Financial Statements of Local Authorities (2<sup>nd</sup> edition – January 1996).
- 1.2 The financial statements were also prepared on the basis that GAMAP and GRAP compliancy will be affected in the 2005/2006 financial year.**
- 1.3 The financial statements are prepared on the historical cost basis and adjusted for capital expenditure as explained in note 2. The accounting policy is the same as for the previous year except where otherwise stated ***(inserted as bold and italic)***
- 1.4 The financial statements are compiled on the accrual basis.
- Income is accrued when collectable and measurable. Certain income is accrued when received such as traffic fines and certain licenses.
  - Expenditure is accrued in the year it is incurred.

### 2. CONSOLIDATION

The balance sheet includes Rates and General Services, Housing Services, Trading Services as well as the various funds, reserves and provisions. All interdepartmental transactions have been offset against each other, with the exception of assessment rates, electricity, refuse removal and water, which have been shown as income and expenditure under the respective departments.

### 3. FIXED ASSETS

#### 3.1 Fixed assets are stated:

- at historical cost; or
- at valuation (based on market price at the date of acquisition) where assets have been obtained by means of grants or donations.

#### 3.2 Depreciation

The balance shown against the heading “Loans Redeemed and Other Capital Receipts” in the notes to the balance sheet, is the equivalent of a provision for depreciation. However certain structural differences between the two concepts do exist.

- 3.3** All net returns from the sales of fixed property are credited to the Land Trust Fund. The net returns on the sale of all other assets are credited to the Capital Development Fund.
- 3.4** Loans and advances are repaid over the estimated useful life of the asset, which is financed, from such loan or advance at a predetermined interest rate. Loans are redeemed according to the annuity installment method and commence in the year, which follows the financial year in which the advance was made. Interest at the predetermined rate is debited against the particular service.

#### 4. STOCK

Stock is valued on the average cost of commodities purchased and issued.

#### 5. FUNDS AND RESERVES

##### 5.1 Capital Development Fund

The Capital Development Fund Ordinance 9 of 1978 requires that a local authority make a minimum contribution of 1 % of its income from the previous financial year to the fund. Advances are made to borrowing services at an interest rate, which is determined annually and approved by Council.

***As the Ordinance was repealed on 01 July 2005 and the fact that these types of funds will not be allowed under GRAP/GAMAP no contributions were made and the fund was written off against the Unappropriated Surplus.***

##### 5.2 Insurance Fund

The Council operates an insurance fund, which covers claims for a specific group of assets. Premiums, which are calculated according to the insured value of the assets, are debited against the various services by means of departmental charges.

The Council re – insures in order to recover possible large claims.

***These types of funds will not be allowed under GRAP/GAMAP and as such no contributions were made, and the fund was written off against the Unappropriated Surplus.***

##### 5.3 Loan Redemption Fund

The Loan Redemption Fund makes provision for the repayment of external loans on the redeemable date. Accumulated Funds are invested at approved financial institutions during the period of the loan. Interest is capitalized.

***These types of funds will not be allowed under GRAP/GAMAP and as such no contributions were made, and the fund was written off against the Unappropriated Surplus.***

##### 5.4 Bursary Loan Fund

The Council operates a Bursary Loan Scheme in terms of the Bursary Loan Regulations with the objective of enabling students to study in specific directions, which are acceptable to the Council according to Council's policy.

***These types of funds will not be allowed under GRAP/GAMAP, and the fund was written off against the Unappropriated Surplus.***

## 6. RETIREMENT BENEFITS

6.1 The **GOVAN MEBEKI LOCAL MUNICIPALITY** and employees contributes to the under mentioned Pension.

- Group Municipal Pension Fund
- Municipal Workers Pension Fund
- Municipal Workers Gratuity Fund
- Pension Fund for Councilors
- Sala Pension Fund.

6.2 Councilors are members of the Pension Fund for Councilors, which was established in terms of the Local Authorities Act 1987.

## 7. SURPLUSES AND DEFICITS

Surpluses or deficits arising from the operation of Electricity, Water, Sewerage and Cleansing Services are carried over to the Rates and General Services.

## 8. HANDLING OF ADMINISTRATIVE AND OTHER OVERHEAD CHARGES

The costs of internal support services are transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1990).

## 9. INVESTMENTS

Investments are shown at the lowest of cost or market value where there is a permanent decline in value. Investments are made in ***terms of the Structures Act, Systems Act and Local Government Transitional Act.***

## 10. DEFERRED CHARGES

10.1 The balances outstanding in respect of costs incurred from the obtaining of loans on the capital market – this is recovered from operating income over the period of the particular loan.

10.2 Assets written off before the relevant loans have been fully redeemed.

10.3 Township establishment costs are recovered when stands have been proclaimed and are sold.

## **11. REVENUE – RECOGNITION**

### **11.1 Electricity and Water Charges**

Meters in industrial areas, on stands with high voltage supplies, in high-density residential areas and in all residential areas are read and invoiced monthly.

### **11.2 Assessments Rates**

The Council uses a differential stand value tax system. According to this system assessment rates are levied on the land value of properties and rebates are granted according to the usage of a particular property. Rebates are granted, respectively, to owners of and on which not more than two dwelling units are erected

### **11.3 Investment Policies**

Vested and non – vested declared bonuses as declared by the Insurance Company, are recognized as interest.

# BALANCE SHEET AT 30 JUNE 2005

	Aant Note	2004 R	2005 R
<b>CAPITAL EMPLOYED</b>			
<b>Funds and Reserves</b>		173,105,495	5,985,074
Authorised Funds	1	153,509,935	3,919,190
Reserves	2	19,595,560	2,065,884
<b>(Accumulated Deficit)/Retained Surplus</b>		61,566,293	94,307,096
Rates and General Services	17	61,566,293	94,307,096
<b>Trust Funds</b>	3	234,671,788	100,292,170
		7,061,222	9,129,801
<b>Long-Term Liabilities</b>	4	77,987,178	76,804,884
<b>Consumer Deposits: Services</b>	5	6,937,832	7,242,522
		<b>326,658,020</b>	<b>193,469,377</b>
<b>EMPLOYMENT OF CAPITAL</b>			
<b>Fixed Assets</b>	6	105,514,333	47,248,774
<b>Investments</b>	7	67,770,247	65,754,532
<b>Long-Term Debtors</b>	8	43,755,066	32,760,988
		217,039,646	145,764,294
<b>Net Current Assets/(Liabilities)</b>		109,618,374	47,705,083
<b>Current Assets</b>		185,084,379	120,750,219
Stock	9	2,134,340	2,339,828
Debtors	10	161,070,464	83,685,397
Shortterm portion of Investments	7	4,875,151	7,162,185
Shortterm portion of Longterm debtors	8	0	10,539,782
Deferred Charges	6	16,986,023	17,004,912
Cash on Hand	23	18,401	18,115
<b>Current Liabilities</b>		75,466,005	73,045,136
Provisions	11	725,419	0
Creditors	12	55,233,062	46,973,556
Bank Overdraft	23	16,953,159	25,110,050
Shortterm portion of longterm liabilities	4	2,554,365	961,530
		<b>326,658,020</b>	<b>193,469,377</b>

**Note:**

The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

# INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	2004			2005		
	Actual Income	Actual Expenditure	Surplus/ (Deficit)	Actual Income	Actual Expenditure	Surplus/ (Deficit)
<b>RATES AND GENERAL SERVICES</b>	R 202,252,383	R 181,491,787	R 20,760,596	R 231,027,393	R 229,521,289	R 1,506,104
Community Services	143,600,849	80,987,121	62,613,728	163,646,631	117,952,446	45,694,185
Subsidised Services	4,715,069	44,137,023	-39,421,954	7,450,698	42,010,150	-34,559,452
Housing Services	552,558	4,372,620	-3,820,062	571,541	4,288,256	-3,716,715
Economic Services	53,383,907	51,995,023	1,388,884	59,358,523	65,270,437	-5,911,914
<b>TRADING SERVICES</b>	190,668,882	185,957,333	4,711,549	183,569,193	170,782,992	12,786,201
<b>TOTAL</b>	<b>392,921,265</b>	<b>367,449,120</b>	<b>25,472,145</b>	<b>414,596,586</b>	<b>400,304,281</b>	<b>14,292,305</b>
Appropriations for the year (Refer to note 17)			-705,471			18,448,498
<b>Net surplus/(deficit) for the year</b>			24,766,674			32,740,803
Retained surplus/(Accumulated deficit) beginning of the year			36,799,619			61,566,293
<b>RETAINED SURPLUS/(ACCUMULATED DEFICIT) BEGINNING OF THE YEAR</b>			<b>61,566,293</b>			<b>94,307,096</b>

**Note:** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004. Refer to Appendices D & E for further details.



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2004 R	2005 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES:</b>		9,222,416	-66,327,551
Cash generated by operations	18	-29,306,613	-79,849,520
Investment Income	16	9,737,767	10,024,048
(Increase)/Decrease in working capital	19	-20,426,179	-13,763,699
		-39,995,025	-83,589,171
<i>Less:</i> External interest paid	16	12,702,190	12,022,672
<b>Cash available from operations</b>		-27,292,835	-95,611,843
		36,515,251	29,284,292
Addition to fixed assets	6	-17,752,510	-52,353,951
Cash contributions from the public and State	18 annx A	54,267,761	81,638,243
<b>CASH UTILIZED IN INVESTING ACTIVITIES</b>		9,692,206	61,216,822
Nett proceeds from disposal of assets		0	0
Investments		9,692,206	9,399,922
Transferred		0	51,816,900
		<b>18,914,622</b>	<b>-5,110,729</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES:</b>			
Increase/(Decrease) in Long-term Loans	20	-4,065,084	-2,775,129
Increase/(Decrease) in Short term Loans	21	0	0
(Increase)/Decrease in Cash Investments	22	-5,885,365	-271,319
(Increase)/Decrease in Cash	23	-8,964,173	8,157,177
<b>Net cash (generated)/utilized</b>		<b>-18,914,622</b>	<b>5,110,729</b>

**Note:** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2004 R	2005 R
<b>1. STATUTORY FUNDS</b>		
Capital Development Fund	77,084,909	0
Community Facility Fund	2,532,785	0
Endowment Fund	502,759	0
Housing Development Fund	487,846	0
Insurance Fund	1,531,057	0
Land Trust Fund	63,679,927	3,919,190
Loan Redemption Fund	5,935,223	0
Study Funds	1,755,429	0
(Refer to Appendix A for more detail)	<b>153,509,935</b>	<b>3,919,190</b>
<b>2. RESERVES</b>		
Capital Reserve	1,469,145	0
Leave Reserve	2,279,507	2,065,884
Loss in Rental	745,779	0
Maintenance Reserve	4,833,820	0
Maintenance Reserve-Vehicles	2,511,376	0
Tariff Stabilisation Reserve	1,434,588	0
Working Capital	6,321,345	0
(Refer to Appendix A for more detail)	<b>19,595,560</b>	<b>2,065,884</b>
<b>3. TRUST FUNDS</b>		
Grants	7,061,222	9,129,801
(Refer to Appendix A for more detail)	<b>7,061,222</b>	<b>9,129,801</b>

**Note.** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

# NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)

	2004 R	2005 R
<b>4 LONG TERM LIABILITIES</b>		
Local Registered Stock	122,000	0
Annuity Loans	607,494	430,574
Long Term Secured Loans	79,812,049	77,335,840
	80,541,543	77,766,414
<i>Less:</i> Short term part transferred to current liabilities	2,554,365	961,530
	<b>77,987,178</b>	<b>76,804,884</b>
For more information se Appendix B.		
<b>5 CONSUMER DEPOSITS: SERVICES</b>		
Services	6,937,832	7,242,522
	<b>6,937,832</b>	<b>7,242,522</b>
Guarantees in respect of electricity- and water deposits are under the control of Corporate Services		
<b>6 FIXED ASSETS</b>		
Fixed assets at the beginning of the year	478,699,781	496,171,784
Fixed assets purchased or received during the year	17,472,003	53,552,165
<i>Less:</i> Assets written off, transferred or disposed of during the year	0	0
<b>Total Fixed Assets</b>	496,171,784	549,723,949
Work in progress	1,198,213	0
Township Development	54,115,803	51,816,901
	551,485,800	601,540,850
<i>Less:</i> Deferred Charges	0	0
<i>Less:</i> Loans redeemend and other capital receipts	-445,971,467	-554,292,076
<b>Net fixed assets</b>	<b>105,514,333</b>	<b>47,248,774</b>
<b>Deferred Charges</b>	<b>16,986,023</b>	<b>17,004,912</b>
(Refer to Appendix C and paragraph 2 of the report of the Treasurer for more detail)		
<b>7 INVESTMENTS</b>		
Unlisted investments against management's valuation:		
Long-term	67,770,247	65,754,532
Short term	4,875,151	7,162,185
<b>Total Investments</b>	<b>72,645,398</b>	<b>72,916,717</b>
Average interest received on investments were %	<b>12.35</b>	<b>12.35</b>
Investments are made in accordance with Local Government Transitional Act		
Investment to the amount of R 67 770 247 was pledged as security against long term debt.		

The comparative figures for 2003/2004 were changed as material errors were disclosed in the  
**Note:** Annual Financial Statements of 2003/2004



# NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)

	2004 R	2005 R
<b>8 LONG TERM DEBTORS</b>		
Study loans	597,779	873,614
Township Development	0	244,463
Erven Sales	161,809	85,764
Debtors Capitalisation	42,995,478	42,096,929
	<b>43,755,066</b>	<b>43,300,770</b>
Shortterm Portion of Longterm Debtors	<b>0</b>	<b>10,539,782</b>
<b>9. STOCK</b>		
Stock represents consumable stores, raw materials, unfinished work and finished goods.	2,134,340	2,339,828
Stock Shortages	0	0
Stock exclude VAT at 14 %.	<b>2,134,340</b>	<b>2,339,828</b>
<b>10. DEBTORS</b>		
Current Debtors		
Consumer Services	176,527,557	192,612,533
Consumer services paid in advance	-5,059,371	-6,354,069
	171,468,186	186,258,464
Sundries	63,806,142	53,650,982
Previous year corrections	0	0
Other-Deposits	178,270	303,810
	235,452,598	240,213,256
Provision for Bad Debt	-58,319,875	-141,762,633
Net VAT on Current Debtors	-16,062,259	-14,765,226
	<b>161,070,464</b>	<b>83,685,397</b>
Consumer Debtors Age Analysis		
Current		20,646,363
30 Days		11,495,261
60 Days		8,123,439
90 Days		5,754,775
120 Days		4,830,062
150 days and more		141,762,633
<b>Total</b>	<b>0</b>	<b>192,612,533</b>
<b>11. PROVISIONS</b>		
Audit Fees	725,419	0
	<b>725,419</b>	<b>0</b>
(Refer to Appendix A for more detail)		
<b>12. CREDITORS</b>		
Trade Creditors	5,843,857	3,356,560
Deposits	1,001,042	1,034,304
Other	48,388,163	42,582,692
	<b>55,233,062</b>	<b>46,973,556</b>

**Note.** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

## NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)

### 13 ASSESSMENT RATES

	Site/Improvement valuation as at 1 July 2004 R'000	Actual Income - 2004 R	Actual Income - 2005 R
Residential	3,977,574,641	57,443,861	60,387,406
Commercial	1,258,036,260	19,656,756	29,538,466
State	43,635,650	4,256,408	3,525,268
State - Residential	0	0	151,087
Argicultural	259,042,900	919,019	517,295
Municipal	24,287,000	7,076	325,279
	5,562,576,451	82,283,120	94,444,801

The valuation of land are performed every five years  
and the last general valuation took effect on 01/07/2005.

A discount of 20% was granted to the State.

### 14 COUNCILLORS' REMUNERATION

Mayor  
Speaker  
Executive committee members  
Councillors  
Pension Fund Contributions iro councillors

2004 R	2005 R
329,672	388,741
272,965	320,874
1,552,745	2,127,346
4,383,300	4,956,365
629,326	835,503
<b>7,168,008</b>	<b>8,628,829</b>

### 15 AUDITORS' REMUNERATION

Over/(Under) Budget  
Budget  
Actual

-359,581	259,541
1,085,000	885,000
725,419	1,144,541

**Note.** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

# NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)

	2004 R	2005 R
<b>16. FINANCE TRANSACTIONS</b>		
<b>Total external interest earned or paid:</b>		
Interest earned	9,737,767	10,024,048
Interest paid	12,702,190	12,022,672
<b>Capital charges debited to operating account:</b>		
Interest:	18,026,497	12,022,672
External	12,702,190	12,022,672
Internal	5,324,307	0
Redemption:	10,541,190	3,163,966
External	4,065,084	3,163,966
Internal	6,476,106	0
Additional redemption provided out of unappropriated surplus	0	11,816,215
Redemption against Loan Redemption Fund	0	0
	<b>28,567,687</b>	<b>27,002,853</b>
<b>17. APPROPRIATIONS</b>		
<b>Appropriation account</b>		
Retained surplus at the beginning of the year	36,799,619	61,566,293
Operating surplus/(deficit) for the year	25,472,145	14,292,305
Appropriations for the year:	-705,471	18,448,498
Appropriations	-705,471	18,448,498
<b>Retained surplus/(accumulated deficit) at the end of the year</b>	<b>61,566,293</b>	<b>94,307,096</b>
<b>Operating account</b>		
Capital expenditure	143,271	278,856
<i>Contributions to:</i>		
Provisions and reserves	5,006,744	4,425,016
Other	486,187	0
	<b>5,636,202</b>	<b>4,703,872</b>

**Note:** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)**

	<b>2004 R</b>	<b>2005 R</b>
<b>18. CASH GENERATED BY OPERATIONS</b>		
(Deficit)/Surplus for the year	25,472,145	14,292,305
Adjustments in respect of previous years' operating transactions	-705,471	18,448,498
Appropriations charged against income:	20,636,202	107,189,706
* Capital Development Fund	0	0
* Bursary	486,187	425,000
* Leave	3,006,744	2,000,016
* Bad Debts	15,000,000	104,485,834
* Audit Fees	2,000,000	0
* Fixed Assets	143,271	278,856
Capital Charges:		
* Interest paid:		
- to internal funds	5,324,307	0
- to external loans	12,702,190	12,022,672
* Redemption:		
- of internal advances	10,541,190	0
- of external loans	4,065,084	3,163,966
* Loan redemption fund contribution	0	0
Deferred Charges	0	-18,889
Investment Income (Operating account)	-9,737,767	-10,024,048
Other non-operating income	-92,576,051	-35,678,377
Non-operating income:		
* Net income from Provisions and reserves	22,945,874	56,621,294
Non-operating expenditure:		
* Expenditure charged against Provisions and Reserves	-27,974,316	-245,866,647
	<b>-29,306,613</b>	<b>-79,849,520</b>
<b>Grants and Subsidies Received</b>	<b>32,238,985</b>	<b>35,678,377</b>
<b>19. (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/Decrease in Stock	-117,959	-205,488
(Increase)/Decrease in Debtors	-52,326,589	-5,603,395
Increase/(Decrease) in Creditors	32,018,369	-7,954,816
	<b>-20,426,179</b>	<b>-13,763,699</b>
<b>20. INCREASE/(DECREASE) IN LONG-TERM LOANS (EXTERNAL)</b>		
Loans raised / transferred	0	388,837
Loans repaid	-4,065,084	-3,163,966
	<b>-4,065,084</b>	<b>-2,775,129</b>
<b>21. INCREASE/(DECREASE) IN SHORT TERM LOANS (EXTERNAL)</b>		
Loans raised	0	0
Loans repaid	0	0
	<b>0</b>	<b>0</b>

**Note.** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004.



**NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (continued)**

	<b>2004 R</b>	<b>2005 R</b>
<b>22. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investments made	43,688,969	43,383,118
Investments realised	37,803,604	43,111,799
	<b>-5,885,365</b>	<b>-271,319</b>
<b>23. (INCREASE)/DECREASE IN CASH ON HAND</b>		
Cash balance at the beginning of the year	-25,916,566	-16,953,159
Petty Cash	-766	286
Less: Cash balance at the end of the year	-16,953,159	-25,110,050
	<b>-8,964,173</b>	<b>8,157,177</b>
<b>Petty Cash</b>	<b>18,401</b>	<b>18,115</b>
<b>24. CAPITAL DEVELOPMENT FUND CONSOLIDATED LOANS FUND</b>		
<b>Outstanding advances to borrowing services:</b>		
Accumulated fund	77,084,909	0
Less: Internal investment	65,268,693	0
	<b>11,816,216</b>	<b>0</b>
<b>25. CONTINGENT LIABILITIES</b>		
Guarantees by the Council in respect of commercial bank housing loans to officials.	0	0
Lease Agreements	0	0
Litigation against Council in progress.	0	0
	<b>0</b>	<b>0</b>
<b>26. CONSOLIDATED LOANS AND CAPITAL DEVELOPMENT Consolidated Loan Fund</b>		
Accumulated Funds	<b>157,626,453</b>	<b>77,660,238</b>
External	80,541,544	77,660,238
Internal	77,084,909	0
Advanced to Services	50,402,330	0
External Investment	72,645,398	70,593,175
Advance To Operating Activities	34,619,974	0
	<b>157,667,702</b>	<b>70,593,175</b>
<b>27. CAPITAL COMMITMENTS</b>		
<i>Liability shown under creditors on the balance sheet</i>		
Commitments in respect of capital expenditure		
- Approved and contracted for	55,110,400	72,917,645
- Completed	17,472,003	53,552,165
- Approved but not contracted for	37,638,397	1,558,235
	<b>92,748,797</b>	<b>74,475,880</b>
Finance		
- Internal sources	184,520	278,856
- External sources	17,287,483	54,831,544
- External sources	17,287,483	54,831,544
- Provincial Government	0	0
- District Council	0	0
	<b>17,472,003</b>	<b>55,110,400</b>

**Note:** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

## ACCUMULATED FUNDS, TRUST FUNDS, RESERVES AND PROVISIONS

	BALANCE AT 01/07/2004 R	CONTRIBUTIONS DURING THE YEAR R	INTEREST ON INVESTMENTS R	OTHER INCOME R	EXPENDITURE DURING THE YEAR R	BALANCE AT 30/06/2005 R
<b>AUTHORISED FUNDS</b>						
Capital Development Fund	77,084,909	0	0	0	77,084,909	0
Community Facility Fund	2,532,785	0	0	0	2,532,785	0
Endowment Fund	502,759	0	0	0	502,759	0
Housing Development Fund	487,846	0	0	0	487,846	0
Insurance Fund	1,531,057	0	0	47,187	1,578,244	0
Land Trust Fund	63,679,927	0	0	2,292,898	62,053,635	3,919,190
Loan Redemption Fund	5,935,223	0	0	0	5,935,223	0
Study Funds	1,755,429	425,000	0	0	2,180,429	0
	<b>153,509,935</b>	<b>425,000</b>	<b>0</b>	<b>2,340,085</b>	<b>152,355,830</b>	<b>3,919,190</b>
<b>RESERVES</b>						
Capital Reserve	1,469,145	0	0	0	1,469,145	0
Leave Reserve	2,279,507	2,000,016	0	0	2,213,639	2,065,884
Loss in Rental	745,779	0	0	0	745,779	0
Maintenance Reserve	4,833,820	0	0	0	4,833,820	0
Maintenance Reserve-Vehicles	2,511,376	0	0	0	2,511,376	0
Tariff Stabilisation Reserve	1,434,588	0	0	0	1,434,588	0
Working Capital	6,321,345	2,000,000	0	0	8,321,345	0
	<b>19,595,560</b>	<b>4,000,016</b>	<b>0</b>	<b>0</b>	<b>21,529,692</b>	<b>2,065,884</b>
<b>TRUST FUNDS</b>						
Grants	7,061,222			45,959,866	43,891,287	9,129,801
	<b>7,061,222</b>	<b>0</b>	<b>0</b>	<b>45,959,866</b>	<b>43,891,287</b>	<b>9,129,801</b>
<b>PROVISIONS</b>						
Audit Fees	725,419	0	0	0	725,419	0
	<b>725,419</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>725,419</b>	<b>0</b>
<b>PROVISIONS I R O DEBTORS</b>						
Bad Debt	58,319,875	102,485,834	0	8,321,343	27,364,419	141,762,633
	<b>58,319,875</b>	<b>102,485,834</b>	<b>0</b>	<b>8,321,343</b>	<b>27,364,419</b>	<b>141,762,633</b>
Refer notes 1,2 and 3						

**NOTE:** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

## EXTERNAL LOANS AND INTERNAL ADVANCES

				Balance at 01/07/2004	Received during the year	Redeemed or written off during the year	Balance at 30/6/2005
<b>EXTERNAL LOANS</b>							
Local Stock Issued							
Loan 19 R 122 000	16.65%	30/06/2005		122,000	0	122,000	0
				<b>122,000</b>	<b>0</b>	<b>122,000</b>	<b>0</b>
<b>ANNUITY &amp; GOVERNMENT LOANS</b>							
DBSA	Secunda	Six Monthly		397,173	0	118,420	278,753
DBSA	Bethal	Six Monthly		29,684	0	14,150	15,534
DBSA	Leandra	Six Monthly		180,637	0	44,350	136,287
				<b>607,494</b>	<b>0</b>	<b>176,920</b>	<b>430,574</b>
<b>LONG TERM SECURED LOANS</b>							
INCA	Secunda	30/06/2011		29,500,000	0	0	29,500,000
INCA	Secunda	30/06/2011		40,000,000	0	0	40,000,000
INCA	Secunda	30/06/2011		500,000	0	0	500,000
INCA	Bethal	Monthly		1,685,792	0	1,685,792	0
DBSA	Bethal	Six Monthly		901,605	0	49,437	852,168
DBSA	Bethal	Six Monthly		3,048,231	0	169,394	2,878,837
DBSA	Bethal	Six Monthly		327,833	0	18,218	309,615
DBSA	Bethal	Six Monthly		984,125	0	54,689	929,436
DBSA	Bethal	Six Monthly		566,458	0	31,479	534,979
ABSA Corporate Services				2,298,005	388,837	856,037	1,830,805
				<b>79,812,049</b>	<b>388,837</b>	<b>2,865,046</b>	<b>77,335,840</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>80,541,543</b>	<b>388,837</b>	<b>3,163,966</b>	<b>77,766,414</b>
<b>INTERNAL ADVANCES TO BORROWING SERVICES</b>							
Capital Development				11,816,215	0	11,816,215	0
Consolidated Loans Fund				50,402,329	0	50,402,329	0
<b>TOTAL INTERNAL ADVANCES</b>				<b>62,218,544</b>	<b>0</b>	<b>62,218,544</b>	<b>0</b>
<b>TOTAL LOANS AND ADVANCES</b>				<b>142,760,087</b>	<b>388,837</b>	<b>65,382,510</b>	<b>77,766,414</b>
Annuity - and Government Loans were entered into with SANLAM, INCA, DBSA at various interest rates and over varied repayment terms.							
Some loans are repaid monthly and others are paid half yearly.							

**Not** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

# ANALYSIS OF FIXED ASSETS

APPENDIX C

Expenditure 2003/2004 R	Service	Budget 2004/2005 R	Balance at 01/07/2004 R	Expenditure 2004/2005 R	Written off, transferred, redeemed or disposed of during the year R	Balance at 30/06/2005 R
<b>RATES AND GENERAL SERVICES</b>						
10,799,096		0	269,976,323	33,188,661	0	303,164,984
389,018	<b>COMMUNITY SERVICES</b>	0	80,840,173	19,332,214	0	100,172,387
53,151	Disaster Management	0	138,176			138,176
335,867	Corporate Services	0	1,940,839			1,940,839
	Council General	0	10,689,822	11,518,143		22,207,965
	Finance	0	4,521,339	26,424		4,547,763
	Health Administration	0	1,875,518			1,875,518
	Mechanical Workshop	0	693,332			693,332
	Municipal Manager	0	177,804			177,804
	Roads and Streetworks	0	58,201,054	7,647,473		65,848,527
	Safety and Loss Control	0	53,069			53,069
	Traffic	0	2,549,220	140,174		2,689,394
17,670	<b>SUBSIDISED SERVICES</b>	0	102,014,192	1,164,000	0	103,178,192
	Cemetery	0	492,087			492,087
	Clinics	0	887,425			887,425
	Fire Brigade Services	0	9,204,318			9,204,318
	Recreational Areas	0	9,006,077			9,006,077
	Library	0	9,866,897			9,866,897
	Nursery	0	841,901			841,901
17,670	Parks Administration	0	15,093,309	19,950		15,113,259
	Public Buildings	0	49,971,116	1,144,050		51,115,166
	Theatres	0	6,651,062			6,651,062
10,392,408	<b>ECONOMIC SERVICES</b>	0	87,121,958	12,692,447	0	99,814,405
	Official Housing	0	1,461,334			1,461,334
	Parking Meters	0	407,000			407,000
	Refuse		14,705,367	23,770		14,729,137
119,571	Registration and Licensing		1,968,764	479,698		2,448,462
10,272,837	Sewerage		68,483,608	12,188,979		80,672,587
	Stores	0	95,885			95,885
1,478,958	<b>HOUSING SERVICES</b>	0	62,384,508	2,800,706	0	65,185,214
0	Economic Housing	0	60,134,610			60,134,610
1,478,958	Sub-Economic Schemes		2,249,898	2,800,706	0	5,050,604
5,193,949	<b>TRADING SERVICES</b>	0	163,810,953	17,562,798	0	181,373,751
1,348,621	Abattoir		3,771,365			3,771,365
3,845,328	Electricity	0	113,593,330	2,557,666		116,150,996
	Water		46,446,258	15,005,132		61,451,390
280,507	<b>OTHER</b>	0	55,314,016	0	3,497,115	51,816,901
0	Township Development	0	54,115,803		2,298,902	51,816,901
280,507	Work in progress		1,198,213		1,198,213	0
0	Unspent Loans					
17,752,510	<b>TOTAL FIXED ASSETS</b>	0	551,485,800	53,552,165	3,497,115	601,540,850
28,329,074	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		445,971,467	108,601,116	280,507	554,292,076
10,617,514	Loans redeemed and advances repaid		132,819,605	14,980,181		147,799,786
143,270	Contributions ex Operating Income		15,526,707	278,856		15,805,563
17,287,783	Provisions and Reserves		33,468,197	2,298,902		35,767,099
280,507	Grants and Subsidies		208,393,492	38,945,770	280,507	247,058,755
0	Public Contribution		55,763,466	52,097,407		107,860,873
-10,576,564	<b>NET FIXED ASSETS</b>		105,514,333	-55,048,951	3,216,608	47,248,774

Note: The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

**ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2005**

	<b>2004 Actual R</b>	<b>2005 Budget R</b>	<b>2005 Actual R</b>	
<b>INCOME</b>				<b>INCOME</b>
Grants and subsidies:				Grants and subsidies:
- Provincial Government	32,238,985	36,210,978	35,678,377	- Provincial Government
Operating Income:	360,682,285	375,510,785	378,918,209	Operating Income:
- Assessment Rates	89,483,221	94,886,357	94,759,955	- Assessment Rates
- Sale of electricity	68,517,584	60,739,023	63,022,880	- Sale of electricity
- Sale of water	119,869,739	128,088,465	119,007,580	- Sale of water
- Interest	45,561	0	10,024,048	- Interest
- Other services and levies	82,766,180	91,796,940	92,103,746	- Other services and levies
	<b>392,921,270</b>	<b>411,721,763</b>	<b>414,596,586</b>	
<b>EXPENDITURE</b>				<b>EXPENDITURE</b>
Salaries, Wages and Allowances	130,817,752	154,759,301	153,390,695	Salaries, Wages and Allowances
General Expenses:	238,576,708	241,701,878	236,924,326	General Expenses:
- Buying of electricity	44,686,566	41,000,000	47,181,042	- Buying of electricity
- Buying of water	67,400,359	69,950,152	61,769,496	- Buying of water
- Other general expenses	126,489,783	130,751,726	127,973,788	- Other general expenses
Repairs and Maintenance	9,542,287	25,596,626	20,712,930	Repairs and Maintenance
Capital Charges	11,800,413	14,393,254	14,903,977	Capital Charges
Contributions to fixed assets	143,271	1,105,000	278,856	Contributions to fixed assets
Contributions	20,300,605	21,331,356	21,331,356	Contributions
<b>Gross Expenditure</b>	<b>411,181,036</b>	<b>458,887,415</b>	<b>447,542,140</b>	<b>Gross Expenditure</b>
<i>Less:</i> Amounts charged out	43,731,916	47,237,859	47,237,859	<i>Less:</i> Amounts charged out
<b>Net Expenditure</b>	<b>367,449,120</b>	<b>411,649,556</b>	<b>400,304,281</b>	<b>Net Expenditure</b>
Surplus/(Deficit)	25,472,150	72,207	14,292,305	
	<b>392,921,270</b>	<b>411,721,763</b>	<b>414,596,586</b>	

**Note:** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2003/2004 Actual Income R	2003/2004 Actual Expenditure R	2003/2004 Surplus/ (Deficit) R		2004/2005 Actual Income R	2004/2005 Actual Expenditure R	2004/2005 Surplus/ (Deficit) R	2004/2005 Budget Surplus/ (Deficit) R
<b>RATES AND GENERAL SERVICES</b>							
202,252,383	181,491,787	20,760,596		230,455,852	225,233,033	5,222,819	-17,181,646
143,600,849	80,987,121	62,613,728	<b>COMMUNITY SERVICES</b>	163,646,631	117,952,446	45,694,185	26,331,595
89,900,632	43,861	89,856,771	Assessment Rates	89,420,704	0	89,420,704	93,829,282
0	292,502	-292,502	Safety and Loss Control		547,927	-547,927	-576,183
3,302,057	18,841,339	-15,539,282	Public Safety	4,505,934	22,926,336	-18,420,402	-16,541,741
268,690	6,329,870	-6,061,180	Human Resources	219,837	4,899,435	-4,679,598	-4,783,917
922,031	26,018,617	-25,096,586	Roads and Streetworks	1,282,155	38,281,921	-36,999,766	-43,344,485
83,720	8,019,311	-7,935,591	Council General	66,403	12,005,950	-11,939,547	-14,351,419
0	2,605,860	-2,605,860	Mechanical Workshop		2,457,744	-2,457,744	-2,511,103
669	4,415,596	-4,414,927	Corporate Services & Human Resources	4,685,933	4,329,611	356,322	-743,028
0	1,650,983	-1,650,983	Municipal Manager		1,304,068	-1,304,068	-1,753,941
49,123,050	12,769,182	36,353,868	Financial Services	63,465,665	31,199,454	32,266,211	17,108,130
4,715,069	44,137,023	-39,421,954	<b>SUBSIDISED SERVICES</b>	7,450,698	42,010,150	-34,559,452	-40,013,864
1,006,669	2,294,644	-1,287,975	Public Buildings	2,623,723	0	2,623,723	-448,458
325,480	1,604,508	-1,279,028	Cemetery	394,548	2,019,111	-1,624,563	-1,655,591
189,488	5,737,384	-5,547,896	Library	220,447	6,393,258	-6,172,811	-7,207,639
15,497	7,797,705	-7,782,208	Fire Brigade Services	15,872	8,687,476	-8,671,604	-9,199,567
2,371,768	9,518,442	-7,146,674	Environmental Health Services	3,210,765	8,423,177	-5,212,412	-4,707,196
135,291	1,684,421	-1,549,130	Theatre	171,916	1,527,838	-1,355,922	-1,546,858
0	12,356,581	-12,356,581	Parks Administration	0	11,373,553	-11,373,553	-11,934,505
670,876	3,143,338	-2,472,462	Lapa's	813,427	3,585,737	-2,772,310	-3,314,050
53,383,907	51,995,023	1,388,884	<b>ECONOMIC SERVICES</b>	59,358,523	65,270,437	-5,911,914	-3,499,377
23,997,464	22,317,994	1,679,470	Cleansing	25,714,423	25,394,788	319,635	-713,633
3,770,845	4,389,282	-618,437	Registration and Lincensing	5,294,131	5,148,762	145,369	-347,234
25,615,598	25,287,747	327,851	Sewerage	28,349,969	34,726,887	-6,376,918	-2,438,510
552,558	4,372,620	-3,820,062	<b>HOUSING SERVICES</b>	571,541	4,288,256	-3,716,715	-3,892,729
552,558	4,372,620	-3,820,062	Housing	571,541	4,288,256	-3,716,715	-3,892,729
190,668,882	185,957,333	4,711,549	<b>TRADING SERVICES</b>	183,569,193	170,782,992	12,786,201	21,146,582
121,958,706	116,200,004	5,758,702	Electricity	120,546,313	109,560,480	10,985,833	14,788,327
68,710,176	69,757,329	-1,047,153	Water	63,022,880	61,222,512	1,800,368	6,358,255
<b>392,921,265</b>	<b>367,449,120</b>	<b>25,472,145</b>	<b>TOTAL</b>	<b>414,596,586</b>	<b>400,304,281</b>	<b>14,292,305</b>	<b>72,207</b>
		-705,471	Appropriations for this year			18,448,498	
		24,766,674	(refer to note 17)			32,740,803	
		36,799,619	Net surplus/(deficit) for the year			61,566,293	
		<b>61,566,293</b>	Retained surplus/(accumulated deficit)			<b>94,307,096</b>	
			beginning of the year				
			Retained surplus/(accumulated deficit)				
			end of the year				

**Note:** The comparative figures for 2003/2004 were changed as material errors were disclosed in the Annual Financial Statements of 2003/2004

## STATISTICAL INFORMATION

	2003	2004	2005	
<b>GENERAL STATISTICS</b>				<b>GENERAL STATISTICS</b>
Population	not available	not available	not available	Population
Rateable valuation (R)	3,501,256,918	3,501,256,918	5,562,576,451	Rateable valuation (R)
Residential valuation (R)	2,642,104,609	2,642,104,609	3,977,574,641	Residential valuation (R)
Commercial valuation (R)	570,345,409	570,345,409	1,258,036,260	Commercial valuation (R)
Number - Residential erven	not available	not available	not available	Number - Residential erven
Number - Commercial/Industrial erven	not available	not available	not available	Number - Commercial/Industrial erven
Rates tariff (c/R)	0.102-0.204	0.102-0.204	0.0408-0.2183 s	Rates tariff (c/R)
	0.0094-0.0122	0.0094-0.0122	0.531-1.26 i	
Number of employees	1,656	1,678	1,657	Number of employees
<b>ELECTRICAL STATISTICS</b>				<b>ELECTRICAL STATISTICS</b>
Number of users	not available	not available	47,168	Number of users
Number of units bought	not available	not available	392,422,341	Number of units bought
Number of units sold	not available	not available	344,618,469	Number of units sold
Distribution losses	not available	not available	12.182%	Distribution losses
Purchase price R @kwh	not available	not available	0.14-0.16	Purchase price R @kwh
Selling price (Residential R @kwh)	not available	not available	0.32560	Selling price (Residential R @kwh)
Selling price (Commercial R @kwh)	not available	not available	0.31030	Selling price (Commercial R @kwh)
<b>WATER STATISTICS</b>				<b>WATER STATISTICS</b>
Number of users	not available	not available	46,592	Number of users
Number of units bought	not available	not available	17,699,686	Number of units bought
Number of units sold	not available	not available	15,899,028	Number of units sold
Distribution losses	not available	not available	10.17%	Distribution losses
Purchase price (R @kl)	not available	not available	2.62	Purchase price (R @kl)
Selling price (All users R @kl)	not available	not available	4.68	Selling price (All users R @kl)
<b>OTHER STATISTICS</b>				<b>OTHER STATISTICS</b>
Area km2	29,000	29,000	29,000	Area km2
Registered voters	120,121	120,121	120,121	Registered voters
Fire fighting units	14	12	11	Fire fighting units
Number of parks	not available	not available	not available	Number of parks
Library-books issued	379,817	350,622	231,891	Library-books issued
Refuse removed (tons)	194,434	241,206	219,663	Refuse removed (tons)
Number of buildingplans approved	1,274	1,287	2,042	Number of buildingplans approved
Buildingplans approved (R-value)	97,558,469	108,390,700	397,442,500	Buildingplans approved (R-value)

**NOTE:** Statistical information could not be obtained for all criteria as set above, the collection of statistics only started during the latter half of 2004

## FINANCIAL/STATISTICAL RATIO INFORMATION

	2004/2005	
Coverage of Short term portion of Long term liabilities	Sufficiently funded	Coverage of Short term portion of Long term liabilities
Short term debt coverage in terms of Income	18%	Short term debt coverage in terms of Income
Debtors test	223 days	Debtors test
Creditors test	43 days	Creditors test
Capital cost Burden to Total Income	3.59%	Capital cost Burden to Total Income
Staff cost To Total Expenditure	34.27%	Staff cost To Total Expenditure
Grant dependency	8.61%	Grant dependency
Cash funding	Bad debt sufficiently funded	Cash funding
Salaries and Bulk Purchases coverage	2.19 : 1	Salaries and Bulk Purchases coverage
Net current assets	2.53 : 1	Net current assets
Long term assets	0.13 : 1	Long term assets